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Housing Committee Public Hearing -- March 4, 2010

Testimony of Raphael L. Podolsky

S.B. 319 – Urban homesteading

SUPPORT SUBSTITUTE BILL

The foreclosure crisis has left some urban neighborhoods with a growing number of vacant two- and three-family buildings. One way to revitalize those neighborhoods is to bring in a new generation of homeowners, providing them with the support services they need to be successful both in meeting their financial obligations and in managing their property as a landlord. Connecticut's Urban Homesteading Act, which has rarely if ever been used in recent years, depends upon municipal government involvement and relies on DECD for funding. We have worked with the Waterbury-based Coalition for Urban Revitalization to develop the outline of a pilot program that combines owner-occupancy of small rental buildings with wrap-around support services. **The Coalition's proposed language for an urban homesteading pilot program should be added to this bill.**

H.B. 5369 – Foreclosure Mediation Program

SUPPORT

This bill extends the Foreclosure Mediation Program for an additional year and adds requirements that will promote effective mediation and accelerate the mediation process. In particular, it requires the parties to make a good faith effort to mediate all issues during mediation and requires the lender to (1) provide the homeowner with contact information for a person who has authority to agree to a settlement of the foreclosure, (2) provide an itemized breakout of the outstanding debt, including an itemized list of any fees or charges that have added to the principal and interest, and (3) withdraw any case reported as settled within 120 days after settlement. The bill also explicitly authorizes the court to sanction parties for bad faith bargaining and to dismiss cases not timely withdrawn after settlement.

The Foreclosure Mediation Program has been Connecticut's most successful foreclosure relief program. It has become a national model, and extending the program's June 30, 2010 sunset date is critical (indeed, it should be made permanent now). This bill addresses the greatest obstacle to effective mediation, which is the failure of the lender to respond to homeowner efforts to negotiate a resolution of the foreclosure and its failure to bargain in good faith. We strongly support this bill.

H.B. 5370 – Revitalization of Westbrook Village & Bowles Park

SUPPORT

This bill authorizes \$50 million in state bonding for the two family public housing developments in Hartford that are part of the state portfolio. Together they have 770 housing units. Built around 1950, they are a critical housing resource for low-income families but are in great need of modernization and rehabilitation. Much planning, with resident involvement, has already taken place, but lack of funding, along with other issues, has brought change to a halt. This bill, if funded, would allow revitalization to move forward.